

Message Text

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ACTION EB-06

INFO OCT-01 AF-04 ARA-06 EUR-08 EA-06 NEA-06 IO-04 ISO-00

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01

INR-05 INT-05 L-02 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01

AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 FEAE-00 OMB-01 SWF-01 OIC-01 /104 W

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R 221100Z OCT 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 8811

INFO AMEMBASSY BANGKOK

AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILLA

AMEMBASSY BRUSSELS

USMISSION EC BURSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

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AMEMBASSY ROME

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LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 6471

E.O. 11652: N/A
TAGS: ETRD, GATT
SUBJECT: MEETING ON SAFEGUARDS

1. SUMMARY. MEETING DISPLAYED BROAD DIVERSITY OF OPINION ABOUT WHAT SAFEGUARD PROBLEM IS AND WHAT SHOULD BE DONE ABOUT IT. DC'S STATED ENTIRE SUBJECT GINGERLY WHILE LDC'S WADED IN WITH CLAIMS FOR DIFFERENTIAL TREATMENT. FOLLOWING U.S. INITIATIVE (ONLY CONCRETE PROPOSAL IN EVIDENCE), GROUP REQUESTED SECRETARIAT TO PREPARE FACTUAL SURVEY OF PRESENT SAFEGUARD ACTIONS AND PROCEDURES AND TO PREPARE PAPER ON AREAS IN SAFEGUARD FIELD THAT MIGHT WARRANT EXAMINATION BY GROUP. SECRETARIAT ALSO ASKED TO STUDY FEASIBILITY (A) PROVIDING SUMMARY OF EXISTING INFORMATION CONCERNING OTHER MEASURES TAKEN UNDER OTHER GATT SAFEGUARD PROVISIONS AND (B) DRAWING UP POSSIBLE ALTERNATIVES IN ORDER TO GRANT DIFFERENTIAL TREATMENT FOR LDC'S.

2. U.S. (MATTHEISEN) PUT FORWARD STATEMENT SUPPORTING EXAMINATION OF PRESENT SAFEGUARD SYSTEM BECAUSE PRESENT SYSTEM BASED ON GATT ARTICLE XIX IS NOT WORKING WELL, WITH INCREASING TENDENCY TO SEEK REMEDIES FOR COMMERCIAL INJURIES OUTSIDE THE MULTILATERAL FRAMEWORK. AT SAME TIME, AVAILABILITY OF SATISFACTORY SAFEGUARD SYSTEM WILL BOTH FACILITATE LIBERALIZATION AND PRESERVE RESULTS ACHIEVED. ADDITIONALLY, MORE SATISFACTORY SYSTEM WILL BE IMPORTANT ELEMENT IN IMPROVED MANAGEMENT OF PROBLEMS AND FRICTIONS IN WORLD TRADE. US SUBMITTED STATEMENT (CIRCULATED AS SPEC (74) 63) CALLING FOR SECRETARIAT TO UNDERTAKE FACTUAL SURVEY WHICH MIGHT

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COVER

-- MEASURES COUNTRIES TAKE TO PROTECT AGAINST
COMMERCIAL INJURY

-- INTERNATIONAL PROCEDURES ON ARRANGEMENTS
OUTSIDE GATT UNDER WHICH RESTRICTIVE
MEASURES ARE APPLIED.

-- DOMESTIC PROCEDURES FOR HANDLING COMMERCIAL INJURY CASES (WHETHER ACTION IS TAKEN INTERNATIONALLY WITHIN GATT OR OUTSIDE GATT). ADDITIONALLY, THE SECRETARIAT WOULD BE CALLED ON TO PREPARE A BRIEF PAPER TO FORM THE FRAMEWORK FOR FUTURE GROUP DISCUSSION. AN ILLUSTRATIVE LIST OF ISSUES WAS PROVIDED.

3. EC SPOKESMAN (ABBOTT) REITERATED EC POSITION TO SUPPORT RETENTION OF ARTICLE 19 IN ITS PRESENT FORM AND READINESS TO SEARCH FOR WAYS TO APPLY IT MORE EFFECTIVELY. HE INDICATED WILLINGNESS TO SUPPORT US PROPOSED FACTUAL SURVEY AND FRAMEWORK PAPER FOR DISCUSSION. ABBOTT CAUTIONED THAT COUNTRIES NOT FORGET OBLIGATIONS APPLY NOT ONLY TO ACCESS BUT ALSO TO SUPPLY. AT THE LAST MOMENT, EC INSISTED ON INSERTING INTO PREVIOUSLY AGREED PARAGRAPH THAT NOTED WIDE AGREEMENT ON TREATING BOTH INDUSTRY AND AGRICULTURE IN SAFEGUARD FORM, EC VIEW THAT AGRICULTURE SHOULD BE STUDIED IN CONJUNCTION WITH GROUP 3(E).

4. CANADA (JOYCE) CAUTIONED THAT HE WAS NOT SURE IT WAS NECESSARY TO CHANGE IN THE PRESENT SYSTEM BUT THAT DIFFERENCES MAY HAVE ARISEN FROM FAILURE TO USE THE MACHINERY PROVIDED RATHER THAN IN THE MACHINERY ITSELF. NONETHELESS IT IS CLEAR THAT THERE ARE UNRESOLVED ISSUES ON CONSULTATION, SURVEILLANCE, TYPE OF ADJUSTMENT ASSISTANCE AND DURATION. HE OBSERVED THAT IT WOULD BE DIFFICULT TO FORESEE WHAT TYPE OF SAFEGUARDS ARE NEEDED UNTIL THE EVOLUTION OF THE WORLD TRADING SYSTEM BECAME MORE APPARENT DURING THESE NEGOTIATIONS. HOWEVER, CANADA WANTS SAFEGUARDS TO BEAR ON THE BIG AS WELL AS THE SMALL AND MEDIUM-SIZED COUNTRIES. IN LIMITED OFFICIAL USE

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DISCUSSING THE FUNCTIONING OF THE PRESENT SYSTEM, HE NOTED THAT DIFFERENT GOVERNMENTS USE ARTICLE 19 FOR DIFFERENT REASONS: IN CANADA'S CASE, ALMOST EXCLUSIVELY TO DEAL WITH SEASONAL AGRICULTURAL PROBLEMS IN BORDER TRADE WITH U.S. HE NOTED EVERYONE UNDERSTOOD USE OF SAFEGUARD PROCEDURE FOR CLASSICAL SHORT TERM EMERGENCIES BUT THAT PROBLEM REALLY AROSE WHEN IT WAS USED TO DEAL WITH LONGER TERM STRUCTURAL PROBLEMS. HE CAUTIONED THAT ADJUSTMENT ASSISTANCE IS A DECISION TO BE TAKEN ONLY BY NATIONAL GOVERNMENTS AND THAT COUNTRIES UNDER GUISE OF ADJUSTMENT ASSISTANCE MIGHT SUBSIDIZE INDUSTRIES. IN LATTER CASE, SOME INTERNATIONAL SURVEILLANCE SHOULD EXAMINE WHETHER MEASURES ARE ADEQUATE OR MORE THAN ADEQUATE. CANADA FEELS THAT REPORTING COUNTRY SHOULD BE SUBJECT TO INTERNATIONAL

SCRUTINY ON SAFEGUARD MEASURES. IF INTERNATIONAL
SCRUTINY DETERMINES THAT SAFEGUARD MEASURES ARE NOT
AUTHORIZED, EXPORTING COUNTRY SHOULD BE ABLE TO RE-
TALIATE. IF SAFEGUARD IS AUTHORIZED, THEN THERE SHOULD
BE NOT COMPENSATION. COMPENSATION SHOULD BE GRANTED FOR THOSE
CASES IN WHICH SAFEGUARDS ARE NOT AUTHORIZED.

5. AUSTRALIA (MOORE-WILTON) CALLED FOR
GREATER PUBLIC SCRUTINY OF SAFEGUARD MEASURES AND IN-
SISTED THAT THEY SHOULD APPLY OVER THE WHOLE RANGE OF
INTERNATIONAL TRADE. HE OPPOSED DISCRIMINATORY APPLICA-
TION OF TRADE RESTRAINTS ON GROUNDS THAT MORE EFFICIENT
PRODUCERS WOULD LIKELY BE DISCRIMINATED AGAINST AND
THAT BIG COUNTRIES WOULD BE ABLE TO SAFEGUARD THEIR
INDUSTRIES TOO EASILY.

6. AUSTRIA (WAAS) URGED THAT NO SEPARATE PROCEDURES
FOR LDC'S BE INSTITUTED IF ARTICLE 19 IS REDRAFTED AND
THAT ANY SAFEGUARD ACTION BE DIRECTED AGAINST THOSE WHO
HAVE CAUSED MARKET DISRUPTION.

7. JAPAN (MIZOGUCHI) SAID THAT IT OPPOSES ANY ATTEMPT
TO APPLY SAFEGUARDS SELECTIVELY AND REJECTED EC
TENTATIVE SUGGESTION THAT TEXTILE AGREEMENT COULD
FURNISH USEFUL PRECEDENT. IN GENERAL, JAPANESE

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AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06

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R 221100Z OCT 74

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AMEMBASSY BANGKOK

INFO AMEMBASSY BELGRADE
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FOLLOWING BLAND INSTRUCTIONS LAY BACK, CLAIMING THAT
NOT MUCH CAN BE DONE UNTIL FUTURE TRADING SYSTEM IS
KNOWN.

8. BRAZIL (MEDDIROS) LED OFF WITH DISQUISITION PLACING
SAFEGUARD QUESTION IN CONTEXT OF "HIGHEST PRIORITY"
NEED FOR REFORMULATION GATT RULES TO ENSURE PREFERENTIAL
TREATMENT AND MORE EFFECTIVE PARTICIPATION FOR
LDC'S. IN BRAZILIAN VIEW, "PERHAPS" TNC COULD ADDRESS
QUESTION OF NORMATIVE RULES IN A NEW MEETING. REGARD-
ING SAFEGUARDS, BASIC POINT IS THAT THEY SHOULD NOT
BE APPLIED GENERALLY TO IMPORTS FROM LDC'S. POLAND
AND ROMANIA ALSO TOOK LESS ADAMANT LDC LINE.

9. HARD LINE LDC'S (VENEZUELA, NIGERIA, ARGENTINA, MEXICO, INDIA, YUGOSLAVIA, THAILAND, AND SPAIN) COMPOSED THRENOLOGY OF ATTACKS ON PRESENT SYSTEM AND THE NEED FOR SPECIAL CONSIDERATION FOR LDC'S. THEY PUT FORWARD IDEAS CALLING FOR

- ESTABLISHMENT OF PRINCIPLE THAT DEVELOPED COUNTRIES SHOULD GENERALLY NOT APPLY SAFEGUARD MEASURES TO IMPORTS FROM LDC'S.
- CREATION OF SELECTIVE SAFEGUARD MACHINERY HITTING ONLY THOSE IMPORTS CAUSING MARKET DISRUPTIONS.
- WHEN SAFEGUARDS ARE APPLIED, PRIOR CONSULTATION, COMPENSATION, AND TEMPORARY ASSISTANCE FOR RECONVERSION OF DC INDUSTRIES TO OTHER FIELDS.
- GENERAL SUPPORT OF THE BRAZILIAN AND NIGERIAN PROPOSALS CONTAINED IN COMM TD/91 AND 92.
- ELIMINATION OF THE NOTION OF THREAT OF INJURY
- ESTABLISHMENT OF INTERNATIONAL SUPERVISORY LIMITED OFFICIAL USE

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BODY.

A NIGERIAN NUANCE WAS A SUGGESTION THAT NO SAFEGUARD ACTION BE PERMITTED WHEN PRODUCTION IN QUESTION IS ORIENTED TO LDC'S OWN RAW MATERIALS.

10. AGREED FINAL REPORTS REQUESTS SECRETARIAT TO PREPARE FACTUAL SURVEY AND PAPER, WITH CONTRIBUTIONS AS DESIRED BY DELEGATIONS, IDENTIFYING AREAS IN THE FIELD OF SAFEGUARDS WHICH MIGHT WARRANT EXAMINATION BY THE GROUP AS SUGGESTED BY US (PARA 2 ABOVE). SECRETARIAT ALSO REQUESTED AT INSISTENCE AUSTRALIA, STUDY FEASIBILITY OF PROVIDING A SUMMARY OF EXISTING INFORMATION CONCERNING OTHER MEASURES TAKEN UNDER OTHER GATT SAFEGUARD PROVISIONS AND, AT INSISTENCE OF LDC'S FEASIBILITY OF DRAWING UP POSSIBLE ALTERNATIVES IN ORDER TO GRANT DIFFERENTIAL TREATMENT TO LDC'S. IT WAS AGREED THAT PROBLEM OF DIFFERENTIAL TREATMENT FOR LDC'S WOULD BE CONSIDERED IN PARALLEL WITH CONSIDERATION OF GENERAL SAFEGUARD ISSUES. NO TIME FRAME PROVIDED SECRETARIAT FOR COMPLETION THIS WORK AND NO TIME SET FOR FUTURE MEETING. ABRAMS

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Message Attributes

Automatic Decaptioning: X
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Concepts: LESS DEVELOPED COUNTRIES, MEETINGS, DIPLOMATIC DISCUSSIONS, SURVEYS, TRADE CONTROLS
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Copy: SINGLE
Draft Date: 22 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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